



First Annual Financial Literacy Leadership Conference

The following workshops were available for attendees: Initiatives and Strategies to Re-energize Homeownership through Financial Education; Innovative Financial Education Initiatives to Reach Minority Populations; Initiatives to Increase Savings and Retirement Plan Participation; and Initiatives of Federal, State, Local Governments to Community-Based Organizations to Enhance the Financial Education of Americans. Below are some of the notes from two of the workshops.

Workshop Notes

Increasing Savings and Retirement Plan Participation

- Younger workers need to begin saving for retirement earlier and understand penalties for early withdrawal from retirement accounts.
- Typical household has about \$100,000 in assets. Households of \$50,000 and under usually don't have a savings account.
- Availability of easy credit has resulted in some individuals overspending and not adequately saving for retirement.
- Some individuals are not adequately planning for retirement, e.g., not taking into consideration how long they expect to live and income needed to maintain current life style.
- Individuals may not be aware of "retirement estimating tools" available to them. Employee Benefits Research Institute uses PSA announcements.
- Retirees need about 70 percent of their pre-retirement income. Many are at 50 percent and less, which means distress.
- Federal government has one of the best pension plans around. Employees must take advantage of the Thrift Savings Plan (TSP), with matching funds from the government, to maximize their retirement earnings.





Mistakes of not taking advantage of the TSP translate into people not being able to retire at the advertised retirement ages in government.

- Expectation of standard of living became the problem as credit became more accessible/ available. The pension plan is not the problem.
- Based on life expectancy, retirement planning must include earnings (benefits) over that life expectancy in order to avoid being short of financial needs.
- Fifty (50) percent of American workers do not have a savings plan.
- Low-income individuals are reaping benefits in 401 (ks) because they do not have to pay taxes on employers' matching funds.
- Younger workers need to begin saving for retirement earlier and
- Individuals should understand Social Security benefits will most likely not provide for adequate retirement income – Social Security should be coupled with other type retirement savings.
- Need to get message out to prospective retirees on why they may need to work longer. One reason is the cost of health care. Unlike federal retirees, other employer retirement plans may not provide for continued health care coverage. Medicare only pays for 50% of health care costs. Non-federal retirees may need sufficient funds to pay for the portion Medicare does not pay.
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- Need to get message out to prospective retirees on why they may need to work longer. One reason is the cost of health care. Unlike federal retirees, other employer retirement plans may not provide for continued health care coverage. Medicare only pays for 50% of health care costs; some individuals believe it pays for all costs. Non-federal retirees may need sufficient funds to pay for the portion Medicare does not pay.





Re-energizing Homeownership through Financial Education

- Need to advance homeownership in a responsible manner, e.g., how to extend credit.
- Financial literacy should be legislated at the state government level.
- Prospective homeowners should attend credit counseling before they hire a real estate agent.
- “Credit rebuilding” counseling is very important for those individuals with bad credit.
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- Individuals need to understand the impact “a bad credit rating” has on future borrowing.
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- Pre-purchase counseling and homebuyers’ education are essential for potential homeowners. Foreclosure rates are much lower for those who take advantage of counseling and education.
- Counseling provides a holistic view of the buyer’s financial health, not just whether the buyer can qualify for a loan.
- What is the banking industry doing during the economic downward spiral? Education is essential and must start at the point the potential





buyer sits down and says to a lender that he/she is interested in

- purchasing a home. Keeping a budget is a basic tool to help a potential buyer understand that it is more than buying a home; it is being financially healthy.
- The greatest challenge that financial counselors have: they don't know what they don't know.
- More financial education outreach is needed. Ninety-eight (98) percent of all people who are having financial problems with their mortgages did not have prior-purchase counseling.
- One thousand (1,000) people were surveyed regarding what concerns them. Their responses included:
 - fear of being ripped off;
 - concern about being approved;
 - lack of information to make sound financial decisions.
- Credit is the beginning of everything.
- HUD requires homebuyers' education. States should require financial literacy.
- Citibank will give \$50,000 to non-profits to host foreclosure workshops.





Awards & Appreciation

First Colleges & Universities to Host SFEPD Financial Education Seminars

Coppin State University
Fort Valley State University
Howard University
Jackson State University
J.F. Drake State Technical College
Rust College
South Carolina State University

Consecutive Years of Participation in SFEPD Financial Education Programs (6 years)

Albany State University
Benedict College
Bowie State University
Claflin University
Coppin State University
Florida Memorial University
Fort Valley State University
Hampton University
Howard University
J.F. Drake State Technical College
Jarvis Christian College
Kentucky State University
Morgan State University
North Carolina A&T University
Rust College
South Carolina State University
Spelman College
Tennessee State University
Texas Southern University
Virginia State University
Virginia Union University
Winston-Salem State University



Schools with Most Departments Participating in SFEPD's Financial Education Programs

Howard University
Florida A&M University



Sponsor Awards

HSBC-North America
Received SFE&PD's Eagle Award
for its Commitment to Financial Literacy



GMAC Financial Services, Inc.
Received SFE&PD's Award of Appreciation for its
Support of the Conference

Special Recognitions

U.S. Department of Treasury, Office of Financial Education
Citi Foundation, Inc.
JumpStart Coalition for Personal Financial Literacy
Investment Company Institute Education Foundation



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